

NOTICE OF PUBLIC MEETING OF THE ARIZONA STATE PARKS BOARD

Notice is hereby given to Members of the Arizona State Parks Board (Board) and the public that there will be an Arizona State Parks Board meeting, to begin on **Friday, January 15, 2010 at 9:00 AM** pursuant to A.R.S. § 38-431.02 and A.R.S. § 41-511.01 *et. seq.* **located at the Phoenix Zoo, 455 N. Galvin Parkway, Stone House Pavilion, Phoenix, AZ 85008.** The public portion of the meeting will begin at 10:00 AM (time certain).

The Board may elect to hold an Executive Session for any agenda item at any time during the meeting to discuss or consult with its legal counsel for legal advice on matters listed on this agenda pursuant to A.R.S. §38-431.03 (A) (3). Items on the Agenda may be discussed out of order, unless they have been specifically noted to be set for a time certain. Public comment will be taken. The Board will discuss and may take action on the following matters.

AGENDA

(Agenda items may be taken in any order unless set for a time certain)

A. CALL TO ORDER FOR EXECUTIVE SESSION

ROLL CALL - 9:00 A.M.

B. EXECUTIVE SESSION - Upon a public majority vote, the Board may hold an Executive Session that is not open to the public for the following purposes:

- 1. To discuss or consult with its legal counsel for legal advice on matters listed on this agenda pursuant to A.R.S. §38-431.03.A.3.**
 - a. To discuss or consult with its legal counsel of legal issues regarding budget measures including, but not limited to, park closures, grant contracts, State Parks contracts, personnel reductions, and other operational ramifications.**
 - b. To discuss legal representation in potential challenges to budget measures.**

C. PUBLIC SESSION - CALL TO ORDER - ROLL CALL – Time Certain: 10:00 A.M.

D. INTRODUCTIONS OF BOARD MEMBERS AND AGENCY STAFF

- 1. Board Statement -** "As Board members we are gathered today to be the stewards and voice of Arizona State Parks and its Mission Statement to manage and conserve Arizona's natural, cultural, and recreational resources for the benefit of the people, both in our parks and through our partners."

E. ELECTION OF BOARD OFFICERS FOR 2010

- 1. The Board will nominate candidates for and elect their Chair and Vice Chair for the year 2010.**

F. CALL TO THE PUBLIC – Consideration and discussion of comments and complaints from the public. Those wishing to address the Board must register at the door and be recognized by the Chair. It is probable that each presentation will be limited to one person per organization. Action taken as a result of public comment will be limited to directing staff to study or reschedule the matter for further consideration at a later time.

G. CONSENT AGENDA

- 1. Approve Executive Session Minutes of September 11, 2009, Arizona State Parks Board meeting.**

2. Approve Executive Session Minutes of November 13, 2009, Arizona State Parks Board meeting.
3. Approve Minutes of November 13, 2009, Arizona State Parks Board meeting.

H. DISCUSSION ITEMS

1. Update on budget reductions enacted in 2009 5th Special Session.
2. Update on revenue forecast, cash balance, operating budget, and cash flow by fund.
3. Legislative Update.

I. BOARD ACTION ITEMS

1. Consider Plan to Close State Parks to Meet Agency's Reduced Operating Budget.

Staff recommends the Arizona State Parks Board authorize the Executive Director to amend or maintain the current status for the following parks to either remain closed or use alternate operation. The staff recommendation includes suspending FY 2010 funding for Boyce Thompson Arboretum and suspending the reservation-only educational programs at Oracle State Park.

- Boyce Thompson Arboretum State Park,
- Jerome State Historic Park,
- McFarland State Historic Park,
- Oracle State Park,
- San Rafael State Natural Area,
- Sonoita Creek State Natural Area,
- Verde River Greenway and
- Yuma Quartermaster Depot State Park.

Staff recommends the Arizona State Parks Board authorize the Executive Director to close the following State Parks on Monday, February 22, 2010 at 5:00 PM MST.

- Fort Verde State Historic Park,
- Homolovi Ruins State Park,
- Lyman Lake State Park and
- Riordan Mansion State Historic Park.

Staff recommends the Arizona State Parks Board authorize the Executive Director to close the following State Parks on Monday, March 29, 2010 at 5:00 PM MST.

- Roper Lake State Park,
- Tombstone Courthouse State Historic Park,
- Tubac Presidio State Historic Park, and
- Yuma Territorial Prison State Historic Park.

Staff Recommends the Arizona State Parks Board authorize the Executive Director to close the following State Parks on Thursday, June 3, 2010 at 5:00 PM MST.

- Alamo Lake State Park,
- Lost Dutchman State Park,
- Picacho Peak State Park,
- Red Rock State Park and
- Tonto Natural Bridge State Park

Staff recommends the Arizona State Parks Board authorize the Executive Director to keep the following parks open to the public if a near term \$3,000,000 cash flow solution is secured:

- Buckskin Mountain State Park,
- Catalina State Park,
- Cattail Cove State Park
- Dead Horse Ranch State Park,
- Fool Hollow Lake Recreation Area,
- Kartchner Caverns State Park,
- Lake Havasu State Park,
- Patagonia Lake State Park and
- Slide Rock State Park.

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2. **Consider Endorsing Statutory Remedies for FY 2010 and FY 2011 To Maximize Agency Operating Budget** – Staff recommends that the Board endorses all statutory and administrative remedies to maximize State Parks Board operating dollars and cash flow. These remedies should be pursued immediately for both the FY 2010 and FY 2011 budgets.

J. TIME AND PLACE OF NEXT MEETING AND CALL FOR FUTURE AGENDA ITEMS

1. Staff recommends that the next Arizona State Parks Board meeting be held on Wednesday, February 17, 2010 in the Parks Board Room at the Phoenix Office.
2. Arizona State Parks Board members may wish to discuss issues of interest to Arizona State Parks and request staff to place specific items on future Board meeting agendas.
3. The Board Meetings for the rest of 2010 will be held on the third Wednesday of the month and are as follows:

Wednesday, February 17, 2010

Wednesday, March 17, 2010

Wednesday, April 21, 2010

Wednesday, May 19, 2010

Wednesday, July 21 or Wednesday, August 18, 2010

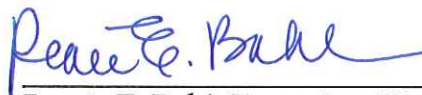
Wednesday, September 15, 2010

Wednesday, October 20, 2010

Wednesday, November 17, 2010

K. ADJOURNMENT

Pursuant to Title II of the Americans with Disabilities Act (ADA), Arizona State Parks does not discriminate on the basis of a disability regarding admission to public meetings. Persons with a disability may request a reasonable accommodation, such as a sign language interpreter, by contacting the acting ADA Coordinator, Nicole Armstrong-Best, (602) 542-7152; or TTY (602) 542-4174. Requests should be made as early as possible to allow time to arrange the accommodation.



8 Jan 2010

Renée E. Bahl, Executive Director

**CONSIDER PLAN TO CLOSE STATE PARKS
TO MEET AGENCY'S REDUCED OPERATING BUDGET**

Background

Arizona State Parks operates 27 State Parks and three Natural Areas. Currently eight parks operate on a 5-day per week schedule and three parks are closed to the public. Laws 2009, Chapter 1, 5th Special Session further reduced the agency's operating budget and leaves no recourse but to cut agency operations including closing parks. The combined total of Fund Reductions and Transfers (FRATs) and Excess Balance Transfers (EBTs) is \$8.6 million. The agency also faces a severe cash flow issues moving into FY 2011.

Arizona State Parks was not designed to make a profit, or to be sustained solely through its own revenues. The agency's mission is to manage and conserve Arizona's natural, cultural and recreational resources for the benefit of the people, both in our parks and through our partners. The Parks Board's stated priority is to keep parks open and operating. Only the Parks Board has the ability to close, or re-open, a State Park.

Current Status

Due to the severe budget reductions placed on the agency coupled with the cash flow shortage, the staff recommendation on park closures is based on financial criteria. The primary goal is to rebuild the State Parks Enhancement Fund and re-open parks in the future. After the FRATs and EBTs, currently the Enhancement Fund is expected to exhaust its cash balance by the end of the fiscal year. The Enhancement Fund consists of revenue generated at the parks, including entrance fees, camping fees, tour fees, event fees, cabin and yurt rentals, and concession revenue. It does not include Publication Fund revenue generated by park gift shops. The Enhancement Fund is critical to park operations.

Staff Recommendation

Using Total Expenditure, Total Enhancement Fund Revenue, Net Revenue/Cost and ability to generate higher revenue in the summer months, staff grouped each of the parks into four groups. The staff recommendation on park closures meet the agency's reduced operating budget with one large caveat: the agency will need \$3 million for cash flow to continue to operate into FY 2011. Without a near term cash flow solution, not all of the parks in Group A can remain open. The cash flow need will incrementally increase if additional parks remain open.

The staff recommendation focuses on higher total revenue-generating parks to rebuild the Enhancement Fund as quickly as possible, as well as parks that have a high revenue-generating summer season. For instance, some parks have similar annual net revenues; the staff recommendation keeps parks open that will generate the most revenue in late FY 2010 and early FY 2011, when the agency's financial need is the greatest. Further, with the operational reductions implemented in early FY 2010, coupled with projected increased revenue from the new fee schedule to be implemented on March 1, 2010, it is

expected the FY 2011 revenues at open parks will exceed the FY 2009 revenues at those same parks.

Lastly, the staff recommendation does not currently advocate permanently disposing of park properties or major capital assets.

Attachment A lists every park and categorizes each park by Total Expenditure, Total Revenue, and Net Revenue (Cost) using FY 2009 actuals. Each park was placed in one of four groups using these criteria.

- **Group A** parks have a positive Net Revenue and /or Total Revenue exceeding \$300,000 per year, meeting the goal to rebuild the Enhancement Fund as expeditiously as possible.
- **Group B** parks operate at a minimal Net Cost with Total Revenue exceeding \$150,000 per year. In general, the high visitation season at these parks is not during the summer months.
- **Group C** parks operate at a higher Net Cost.
- **Group D** parks are currently not open or have a unique operating status.

Group D Parks

Staff recommends the Arizona State Parks Board authorize the Executive Director to amend or maintain the current status for the following parks to either remain closed or use alternate operation. The staff recommendation includes suspending FY 2010 funding for Boyce Thompson Arboretum and suspending the reservation-only educational programs at Oracle State Park.

- Boyce Thompson Arboretum State Park,
- Jerome State Historic Park,
- McFarland State Historic Park,
- Oracle State Park,
- San Rafael State Natural Area,
- Sonoita Creek State Natural Area,
- Verde River Greenway and
- Yuma Quartermaster Depot State Park.

Boyce Thompson Arboretum - staff recommends suspending FY 2010 funding. The Arboretum is expected to remain open through the University of Arizona and the Boyce Thompson Foundation.

Jerome State Historic Park and McFarland State Historic Park will remain closed.

Oracle State Park - staff recommends suspending the reservation-only educational programs and keeping the park closed.

San Rafael State Natural Area - will remain closed.

Sonoita Creek State Natural Area and Verde River Greenway - will continue to be managed passively and on an on-call basis through Patagonia Lake State Park and Dead Horse Ranch State Park respectively.

Yuma Quartermaster Depot State Park - will continue to be operated through a lease agreement with the City of Yuma.

Group C Park Closure (Phase 1), February 22, 2010.

Staff recommends the Arizona State Parks Board authorize the Executive Director to close the following State Parks on Monday, February 22, 2010 at 5:00 PM MST.

- Fort Verde State Historic Park,
- Homolovi Ruins State Park,
- Lyman Lake State Park and
- Riordan Mansion State Historic Park.

Groups B and C Park Closure (Phase 2), March 29, 2010.

Staff recommends the Arizona State Parks Board authorize the Executive Director to close the following State Parks on Monday, March 29, 2010 at 5:00 PM MST.

- Roper Lake State Park,
- Tombstone Courthouse State Historic Park,
- Tubac Presidio State Historic Park, and
- Yuma Territorial Prison State Historic Park.

Group B and C Park Closure (Phase 3), June 3, 2010.

Staff recommends the Arizona State Parks Board authorize the Executive Director to close the following State Parks on Thursday, June 3, 2010 at 5:00 PM MST.

- Alamo Lake State Park,
- Lost Dutchman State Park,
- Picacho Peak State Park,
- Red Rock State Park and
- Tonto Natural Bridge State Park

These parks have the most potential to bring in higher revenue through Memorial Day of Group B and C parks.

Group A State Parks that will remain open

Staff recommends the Arizona State Parks Board authorize the Executive Director to keep the following parks open to the public if a near term \$3,000,000 cash flow solution is secured:

- Buckskin Mountain State Park,
- Catalina State Park,
- Cattail Cove State Park
- Dead Horse Ranch State Park,
- Fool Hollow Lake Recreation Area,
- Kartchner Caverns State Park,
- Lake Havasu State Park,
- Patagonia Lake State Park and
- Slide Rock State Park.

Group A parks have busy summer seasons that traditionally bring in high revenue. The staff recommendation also recognizes that the public will be purchasing premium

annual passes at \$200 each for access to the Colorado River parks. The recommendation keeps all river parks (Buckskin, Cattail Cove and Lake Havasu) open.

Recommended Board Action

Group D Parks

I move the Arizona State Parks Board authorize the Executive Director to amend or maintain the current status for the following parks to either remain closed or use alternate operation. This includes suspending FY 2010 funding for Boyce Thompson Arboretum and suspending the reservation-only educational programs at Oracle State Park.

- Boyce Thompson Arboretum State Park,
- Jerome State Historic Park,
- McFarland State Historic Park,
- Oracle State Park,
- San Rafael State Natural Area,
- Sonoita Creek State Natural Area,
- Verde River Greenway and
- Yuma Quartermaster Depot State Park.

Group C Park Closure (Phase 1), February 22, 2010.

I move that the Arizona State Parks Board authorize the Executive Director to close the following State Parks on Monday, February 22, 2010 at 5:00 PM MST.

- Fort Verde State Historic Park,
- Homolovi Ruins State Park,
- Lyman Lake State Park and
- Riordan Mansion State Historic Park.
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Group B and C Park Closure (Phase 2), March 29, 2010.

I move that the Arizona State Parks Board authorize the Executive Director to close the following State Parks on Monday, March 29, 2010 at 5:00 PM MST.

- Roper Lake State Park,
- Tombstone Courthouse State Historic Park,
- Tubac Presidio State Historic Park, and
- Yuma Territorial Prison State Historic Park.

Group B and C Park Closure (Phase 3), June 3, 2010.

I move that the Arizona State Parks Board authorize the Executive Director to close the following State Parks on Thursday, June 3, 2010 at 5:00 PM MST.

- Alamo Lake State Park,
- Lost Dutchman State Park,
- Picacho Peak State Park,
- Red Rock State Park and
- Tonto Natural Bridge State Park.

Group A State Parks that will remain open.

I move the Arizona State Parks Board authorize the Executive Director to keep the following parks open to the public if a near term \$3,000,000 cash flow solution is secured:

- Buckskin Mountain State Park,
- Catalina State Park,
- Cattail Cove State Park,
- Dead Horse Ranch State Park,
- Fool Hollow Lake Recreation Area,
- Kartchner Caverns State Park,
- Lake Havasu State Park,
- Patagonia Lake State Park and
- Slide Rock State Park.

Attachment A

Group A Parks:

The Parks in Group A have a positive Net Revenue and/or Total Revenue exceeding \$300,000 per year.

Park	Total Expenditure FY 2009	Total Revenue FY 2009	Net Revenue/(Cost) FY 2009	Recommendation
Buckskin	\$728,000	\$567,000	(\$161,000)	Remain Open
Catalina	\$378,000	\$539,000	\$161,000	Remain Open
Cattail Cove	\$492,000	\$425,000	(\$67,000)	Remain Open
Dead Horse Ranch	\$595,000	\$614,000	\$19,000	Remain Open
Fool Hollow	\$479,000	\$409,000	(\$70,000)	Remain Open
Kartchner Caverns	\$2,300,000	\$2,900,000	\$600,000	Remain Open
Lake Havasu	\$815,000	\$853,000	\$38,000	Remain Open
Patagonia Lake	\$612,000	\$649,000	\$37,000	Remain Open
Slide Rock	\$419,000	\$627,000	\$208,000	Remain Open
Total:	\$6,818,000	\$7,583,000		

Group B Parks:

The Parks in Group B have a minimal Net Cost or Total Revenue exceeding \$150,000 per year.

Park	Total Expenditure FY 2009	Total Revenue FY 2009	Net Revenue/(Cost) FY 2009	Recommendation
Alamo Lake	\$365,000	\$318,000	(\$47,000)	Close June 3, 2010
Lost Dutchman	\$289,000	\$267,000	(\$22,000)	Close June 3, 2010
Picacho Peak*	\$372,000	\$206,000	(\$166,000)	Close June 3, 2010
Red Rock	\$371,000	\$169,000	(\$202,000)	Close June 3, 2010
Roper Lake	\$454,000	\$271,000	(\$183,000)	Close March 29, 2010
Tombstone	\$211,000	\$158,000	(\$53,000)	Close March 29, 2010
Yuma Prison	\$317,000	\$193,000	(\$124,000)	Close March 29, 2010
Total:	\$2,379,000	\$1,582,000		

*Picacho Peak State Park was closed for construction during FY 2009; figures in table are from FY 2008.

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Group C Parks:

The parks in Group C operate at a higher Net Cost.

Park	Total Expenditure FY 2009	Total Revenue FY 2009	Net Revenue/(Cost) FY 2009	Recommendation
Ft. Verde	\$226,000	\$34,000	(\$192,000)	Close February 22, 2010
Homolovi Ruins	\$323,000	\$51,000	(\$272,000)	Close February 22, 2010
Lyman Lake	\$358,000	\$133,000	(\$225,000)	Close February 22, 2010
Riordan Mansion	\$278,000	\$110,000	(\$168,000)	Close February 22, 2010
Tonto *	\$682,000	\$173,000	(\$509,000)	Close June 3, 2010
Tubac Presidio	\$193,000	\$29,000	(\$164,000)	Close March 29, 2010
Total:	\$2,060,000	\$530,000		

Includes FY 2009 Certificate of Participation (COP) payment of \$373,700. (Note: FY 2010=\$448,300; FY 2011=\$373,800; FY 2012=\$606,800)

Group D Parks:

These parks have little or no annual revenue that contributes to the Enhancement Fund, and either have an alternate operation or are closed.

Park	Recommendation
Boyce Thompson Arboretum	Recommend suspending financial support for FY 2010; Arboretum is expected to continue operations through the University of Arizona and the Boyce Thompson Foundation.
Jerome	Remain Closed. Stabilization work continues.
McFarland	Remain Closed.
Oracle	Remain Closed. Discontinue reservation-only environmental education 1/8/10 5:15 PM programs.
San Rafael	Never opened to public.
Sonoita Creek	Passively managed through Patagonia Lake staff.
Verde River Greenway	Passively managed through Dead Horse Ranch staff.
Yuma Quartermaster Depot	Managed by City of Yuma through a lease agreement.

**Consider Endorsing Statutory Remedies for FY 2010 and FY 2011
To Maximize Agency Operating Budget**

Background

Laws 2009, 5th Special Session, Chapter 1 was signed by Governor Brewer on December 23, 2009. It contains fund reductions and transfers (FRATs) totaling \$3,022,000 and excess balance transfers (EBTs) totaling \$5,607,700. The reductions and transfers will severely impede the agency's ability to operate in both FY 2010 and FY 2011. The Arizona State Parks Board's priority is to keep parks open and operating.

Current Status

There are many specific funds, accounts, or footnotes that restrict ability of certain State Parks Board monies to be used for operating expenditures. Therefore, staff recommends seeking short-term statutory or administrative remedies for FY 2010 and FY 2011 to allow the Parks Board maximum flexibility for operating purposes. As a long-term solution, the Parks Board endorsed Governor Brewer's Task Force on Sustainable Park Funding recommendation to implement a fee with vehicle registrations and, in turn, allow Arizona vehicles free day use entry into State Parks. However, temporary short-term solutions are needed immediately.

Staff Recommendation

Staff recommends the following statutory or budgetary changes to maximize the Parks Board's operating budget and address some cash flow issues. Recommendations 1-7 will require statutory changes. Recommendations 8-10 initially require Parks Board action, and may require statutory changes or legislative review. Recommendation 11 will need to be explored through the Executive Branch.

1. Staff recommends lifting the 20% per entity cap in the Local, Regional and State Parks and Trails portions of the Heritage Fund so Arizona State Parks (ASP) can use it for operating State Parks and for State Parks' trails on the State Trails System. This could read as: "Notwithstanding A.R.S. § 41-503.C, all of the Local Regional and State Parks (LRSP) and Trails components of the Heritage Fund may be used for ASP operations." This would increase the agency's operating budget by \$3.9M annually.
2. Staff recommends allowing the Natural Areas Acquisition portion of the Heritage Fund to be used for agency operations. This could read as: "Notwithstanding A.R.S. § 41-503.D.1, the Natural Areas Acquisition component of the Heritage Fund may be used for ASP operations". This would increase the agency's operating budget by \$1.7M annually.
3. Staff recommends discontinuing the transfer of monies (\$3M) from the Heritage Fund to the State Forester (3rd Special Session, Ch. 5, Section 13), and allow those monies to be used for State Parks' operations.

4. Staff recommends allowing the Law Enforcement and Boating Safety Fund (LEBSF) to be used for State Park law enforcement. This could read as: "Notwithstanding A.R.S. § 5-383, the Law Enforcement Boating Safety Fund may be used for ASP operations". Also delete footnote Laws 2009, 5th Special Session, Chapter 1, Section 3.C: "Monies transferred pursuant to subsection A of this section shall not be transferred from the law enforcement and boating safety fund established by § 5-383, Arizona Revised Statutes." This would increase or backfill the agency's operating budget by \$2M annually.
5. Staff recommends allowing the project monies in the Off-Highway Vehicle Recreation Fund be used for agency operations. This could read as: "Notwithstanding A.R.S. § 28-1176, the Off -Highway Vehicle Recreation Fund may be used for ASP's operations". This would increase the agency's operating budget by \$1.5M annually.
6. Staff recommends elimination of the FRATs and EBTs enacted in Laws 2009, 5th Special Session, Chapter 1, primarily in State Lake Improvement Fund, Enhancement Fund, and Heritage Fund.
7. Staff also recommends pursuing at least two measures that will help with cash flow, although they will not increase the agency's operating budget: Eliminate the Kartchner Caverns Special Line Item, allowing all Enhancement Fund revenues to be used for all agency-wide operations, enhancing agency cash flow management; and extend the General Fund bridge loan repayment of \$1.9M (Laws 2009, 1st Regular Session, Chapter 12, Section 59) to the end of FY 2011. The loan is currently due June 30, 2010.
8. Staff recommends pursuing remedies under Laws 2009, 5th Special Session, Chapter 1, Section 3(A) which allows an agency to request a cash transfer between its own funds to comply with the law's reductions and transfers. This request requires Joint Legislative Budget Committee (JLBC) review. Staff would bring a specific recommendation to the Parks Board at a future meeting.
9. Staff will analyze all open State Parks projects and grant projects, and will make specific recommendations to the Parks Board to reallocate monies as appropriate.
10. Staff will explore a line-of-credit, a state-funded loan, or any other mechanism to enhance the agency's cash flow into FY 2011 and bring findings to the Parks Board at a future meeting.
11. Staff will explore getting an extension on the Tonto Natural Bridge lease-purchase payment. In August 2010, \$373,800 is due.

Recommended Board Action

I move endorsing all statutory and administrative remedies to maximize State Parks Board operating dollars and cash flow. These remedies should be pursued immediately for both the FY 2010 and FY 2011 budgets.

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